

**AR22**

**1974**  
Annual Report

Tara Exploration  
and Development  
Company  
Limited









*Looking south across the plant site with headframe and collar house for the Development Shaft in the foreground to the left. The compressor and hoist house and the repair shop buildings are to the right.*

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# **TARA** | *EXPLORATION AND DEVELOPMENT COMPANY LIMITED*

## **BOARD OF DIRECTORS**

SYLVESTER P. BOLAND,  
*Dublin, Ireland*

CHARLES CARVILL,  
*Newry, Northern Ireland*

MATTHEW GILROY,  
*Dublin, Ireland*

JAMES HANRATTY,  
*Newry, Northern Ireland*

PATRICK J. HUGHES,  
*Dublin, Ireland*

BRENDAN J. HYNES,  
*Dublin, Ireland*

MICHAEL MCCARTHY,  
*Ballinasloe, Ireland*

JOSEPH V. McPARLAND,  
*Dundalk, Ireland*

HUGH MURPHY,  
*Dublin, Ireland*

PATRICK J. MURPHY,  
*Dublin, Ireland*

MURROGH V. OBRIEN,  
*Dublin, Ireland*

JOHN J. TULLY,  
*Laytown, Co. Meath, Ireland*

## **OFFICERS**

MICHAEL MCCARTHY,  
*President*

MURROGH V. OBRIEN,  
*Executive Vice President and General Manager*

SYLVESTER P. BOLAND,  
*Vice President*

MATTHEW GILROY,  
*Vice President*

BRENDAN J. HYNES,  
*Vice President*

JOSEPH V. McPARLAND,  
*Secretary-Treasurer*

## **AUDITORS**

Thorne Gunn & Co., Chartered Accountants,  
Toronto, Canada

Griffin, Lynch & Co., Chartered Accountants,  
Dublin, Ireland

## **SOLICITORS**

Fasken & Calvin, Toronto, Canada

McCann, FitzGerald, Roche & Dudley,  
Dublin, Ireland

## **REGISTRAR AND TRANSFER AGENT**

Crown Trust Company,  
Toronto, Canada

Charter Consolidated Limited,  
Ashford, Kent, England

## **EXECUTIVE OFFICE**

162 Clontarf Road,  
Dublin, Ireland  
Telephone 332211  
Telex 500-5881

## **REGISTERED OFFICE**

Suite 2602, Royal Trust Tower,  
P.O. Box 298, Toronto-Dominion Centre,  
Toronto, Canada M5K 1K2  
Telephone (Area Code 416) 362-2781  
Telex 06-217766

## **ANNUAL AND GENERAL MEETING OF SHAREHOLDERS**

June 27, 1975, 11:00 a.m.,  
The Tom Thomson Room,  
Hotel Toronto,  
145 Richmond Street West,  
Toronto, Canada



*The mill site, which had been excavated prior to the suspension of operations in August, 1974, was allowed to flood during the winter months. It has now been pumped in preparation for the recommencement of construction.*



*Erection of steel for the electrical sub-station. When in operation, the Navan Mine will be Ireland's biggest single user of electricity.*



## Directors' Report to the Shareholders

The Directors present the 1974 Annual Report of the Company which includes the audited consolidated financial statements for the year ended December 31, 1974 and the Auditors' Report to the Shareholders.

The significant events during 1974 and in the subsequent period include the announcement on August 16, 1974 of the suspension of construction and development work at the Navan Mine due to the unacceptable terms of the proposed State Mining Lease then offered by the Irish Government's Minister for Industry and Commerce; and the further announcement on February 14, 1975 that agreement had been reached between the Minister for Industry and Commerce and Tara Mines Limited on the principal terms of a State Mining Lease in respect of the Navan deposit.

The agreement provides for the issuance of a State Mining Lease to the Company's wholly owned subsidiary, Tara Mines Limited, on the following principal terms:

- A free 25% equity participation by the Minister in Tara Mines Limited and the appointment of the Minister's nominees to the Board of Directors of Tara Mines.
- A royalty equal to 4.5% of profits (in addition, the Company will be subject to normal corporate income taxes of approximately 50%).
- A maximum annual production rate in the range of 2.4 to 2.5 million short tons of ore during the debt repayment period.
- The transfer, free of charge to the Minister, of Tara's title to such minerals as Tara Mines controls within the lease area.
- The term of the lease will be 25 years and the lease will include renewal provisions.
- Arrangements which will enable concentrates to be supplied at normal commercial terms to an Irish zinc refinery when such a facility is established.

The Minister and Tara Mines Limited have agreed to finalize details of the State Mining Lease as soon as possible in order to facilitate completion of senior financing and the recommencement of work on the Navan project.

### Capital Costs and Financing

World-wide inflation, coupled with the long delay in obtaining the State Mining Lease is reflected in the very substantial escalation of the total project cost. At March, 1973 the capital cost was estimated at \$87 million, climbing to \$110 million by June, 1974, and now estimated at \$150 million based on a completion date during the first quarter of 1977.



*Workers constructing underground channels which will carry the high power electrical lines to the mine and mill.*



*Foundation pilings at the mill site. Background centre shows reinforcing steel rods in position preparatory to concrete pouring.*



## Directors' Report — Continued

This represents an increase of \$63 million or in excess of 70% for this latest eighteen-month period of delay. Application for the State Mining Lease was originally made in December, 1970.

Expenditures to year end 1974 on the Navan project amount to \$38.5 million, including land acquisition costs, interest and other charges related to interim financing arrangements, and since the end of 1974 amount to \$7 million giving a cumulative expenditure to date of \$45.5 million.

Assuming the issuance in the near future of the State Mining Lease on the agreed terms — a prerequisite to the senior financing arrangements and the recommencement of work — an estimated additional cost of completion to production of approximately \$104.5 million.

During 1974, various bank lines of credit totalling U.S.\$16.7 million were arranged for Tara Mines Limited and subsequent to the 1974 year end, two further lines of credit have been arranged in the combined amount of U.S.\$6.9 million. These bank loans have been classified as a non-current liability on the assumption that the State Mining Lease will be issued and senior financing completed.

It is expected that the lines of credit arranged to date totalling U.S.\$23.6 million will be consolidated as part of the senior financing. It is also anticipated that senior financing will include credit arrangements of up to \$30 million in credit from Government sponsored vendor credit agencies.

## Mine Development Programme

While there were some delays in the start-up of construction of surface facili-



**Above:** Headframe of the development shaft; ventilation fan in foreground. **Below:** Part of the electrical sub-station under construction; ventilation fans in foreground destined for underground installation.







**Above:** Looking north across the plant site; upper right corner shows development shaft. Knockumber Road is in foreground. **Alongside:** Tree nursery stock frames this picture of the development shaft headframe.





## Directors' Report — Continued

ties pending receipt of final Planning Permission, construction of the surface plant commenced in the first quarter of 1974. Underground work started in July, 1973 and was virtually on schedule until the suspension of operations in August, 1974. At this time the Navan project was placed on a care and maintenance basis.

Of necessity, the recruitment of trainee miners and others for specialized employment at the mine was also suspended. As a further result of the postponement of the project, certain key senior staff positions were vacated.

When the State Mining Lease has been issued and the necessary senior financing arranged, it will be possible to resume the major surface construction programme and complete the underground work. The present schedule envisages a period of 18 to 20 months from the recommencement of work to complete the project to production.

It is expected that approximately 1,100 persons including contractors' personnel will be employed during the peak period of the construction programme and some 800 persons during mining operations.

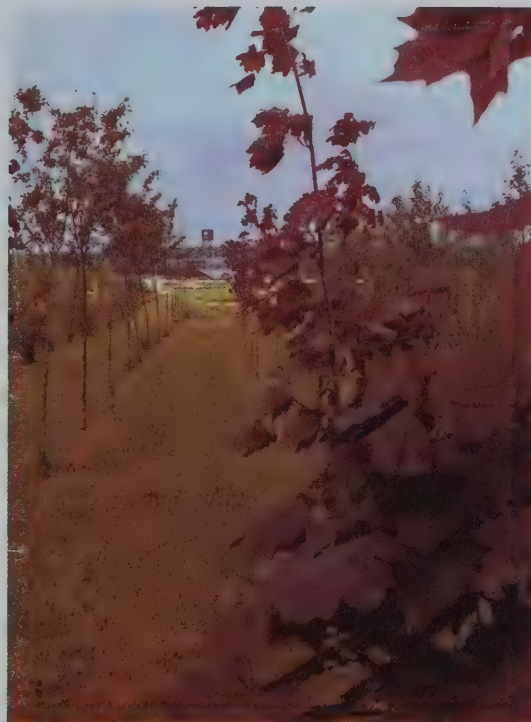
## Underground Work

A conceptual illustration of the underground workings of the Navan Mine is appended, showing the advance completed to date in the decline tunnel and the development shaft, as well as the remainder of the planned excavations.

Total advances, excluding the shaft, at the time of suspension of work in August, 1974 amounted to 9,597 feet. At that time the development shaft had been completed to its objective depth at 1,122 feet below the collar. Loading pocket construction was in progress and the



*Scenes above and below show part of nursery bank of trees and shrubs which have been planted for the ultimate landscaping of the concentrator complex. Nursery now holds a combined stock of over 120,000 trees and shrubs.*



*Continued on page eleven*





*The headframes of both the development and production shafts have been superimposed on this picture of the Navan Mine orebody model. Contours of the relevant geological horizons have been plotted for the Shaft Pillar area. The major lead-zinc orebody at Navan extends from near surface south of the Blackwater River to known depths of at least 1,700 feet.*

*The surface facilities scheduled for construction at Navan will be capable of processing ores of zinc and lead at a rate of 7,500 tons per day and designed to produce 500,000 tons of zinc and lead concentrates annually in the approximate ratio of 5:1. On completion of the underground mine and surface facilities, this will represent an investment of some \$150 million.*



shaft sinking equipment had been removed in preparation for the conversion to conventional dual skip-cage combinations. Pilot raising of the main production shaft had commenced from the 1495 station branching from the No. 1 decline.

In excess of 95,000 short tons of ore at an estimated grade of 11.4% zinc and 2.4% lead is stockpiled on surface. It is anticipated that some 400,000 tons of ore will be stockpiled in readiness for the start-up of the concentrator.

### **Surface Facilities**

At the time operations were suspended during August, 1974 work had commenced on concentrator foundations and engineering in connection with the process plant was about 70% complete. This engineering design work has now resumed.

Subsequent to the suspension and in the implementation of certain contractual commitments, structural steel fabrication has continued with respect to some of the surface buildings. The electrical substation is now virtually complete.

The mine and concentrator, as designed, will produce about 500,000 tons of zinc and lead concentrates per annum, necessitating the treatment of approximately 2.5 million tons of ore annually.

### **Conservation**

Environmental considerations have been accorded a very high priority in the planning of the Navan Mine. Approximately \$5 million has been budgeted to create and maintain a maximum protection of the local environment. Work is now under way on the preparation of the detailed drawings for the landscape plan

under the direction of the Company's Conservation Manager. The tree nursery stock has been increased to some 120,000 trees for use in landscaping operations on the mine site.

### **General Prospecting in Ireland**

During 1974, your Company, through its wholly owned subsidiary, Tara Prospecting Limited, continued to carry out active mineral exploration on its Republic of Ireland Prospecting Licences. The number of licences held by it together with jointly held licences remains unchanged from last year.

General exploration activities by Tara Prospecting Limited in the Republic of Ireland continue to be constrained by the absence of a clear and concise definition of the Irish Government's policies towards the mining industry. Another disturbing disincentive to exploration concerns the difficulty in establishing the ownership of mineral rights in Ireland.

The problem of establishing the ownership of mineral rights derives mainly from the fact that the distribution of State and privately owned mineral rights is in most cases not known with any degree of certainty without an expensive and time-consuming search of mineral title. The difficulty in establishing actual ownership of mineral rights has caused considerable delay in implementing drilling programmes. However, the Company intends to continue its long range exploration program, which has been actively maintained in Ireland since 1962.

Tara Mines Limited similarly continued to explore on its three licences in the Navan area.

### **Metal Price Outlook**

Metal prices, have demonstrated weakness in face of current world-wide


*Continued on page fifteen*



# Conceptual illustration and underground at Navan Mine, Co Ireland.





A conceptual illustration of the Navan Mine underground workings. The illustration shows a cross-section of the earth with a green surface and a brown underground area. A blue line represents the decline roadway, spiraling down into the earth. A yellow line represents the production shaft, rising from the underground to the surface. A label 'Exhaust raise' is visible near the surface. The text 'depicting surface development Meath,' is partially visible on the left side of the illustration.

# depicting surface development Meath,

*The conceptual illustration alongside shows the extensive network of the underground workings of the Navan Mine, both completed and scheduled for completion prior to the commencement of mining operations. Total advance to date, excluding the 1,120 foot vertical shaft, of the decline roadway which spirals down to approximately the same depth, is close to 10,000 feet. In addition, partial pilot raising of the main production shaft was carried out.*

*When underground development is completed, the Navan Mine will have the capability of producing approximately 2.5 million tons of ore annually.*

*Access to the mine for men, materials and services is by the development shaft and the decline roadway driven at a slope of 20%. Men and materials are transported underground by the decline roadway in rubber-tired mobile equipment. After primary crushing, ore is hoisted to the surface from underground via the production shaft.*

*Ore hoisted to surface via the production shaft is transported by a totally enclosed conveyor to the coarse ore storage building. Ore is then reclaimed from the coarse ore storage building and conveyed to the crushing and screening plant located inside the main building for further crushing. The crushed ore passes to the fine ore storage bins from which it is subsequently fed into the mill for treatment. The various processes which take place within the concentrator building include further crushing, grinding, flotation and filtering and drying of the resultant lead and zinc concentrates.*





**Above:** Mobile load-haul-dump equipment underground in the Navan Mine. **Alongside:** A view of the paramatic three-boom jumbo drilling a heading in the underground workings.



economic conditions. The metals of dominant interest to your Company are zinc and lead. The G.O.B. European Producer price for zinc, which increased twice in 1974 to £330 per metric ton in March and later in September to £360 metric ton, is threatened with a world-wide surplus notwithstanding the substantial cut back in smelter production in some countries. Prices for lead, which were exceptionally buoyant in 1974, have broken sharply in recent months.

Even the high metal prices of early 1974 did not adequately compensate for generally increased costs of wages, supplies and services. This is increasingly evident in the current circumstances, based on the financial reports of many operating mining companies.

### Investments

In spite of the high metal prices which prevailed during the first half of 1974, the combination of a shortfall in concentrate production and sales, coupled with generally higher operating costs, caused Northgate Exploration Limited, in which your Company holds an approximate 7% interest, to report net income for the year of \$4,026,000 or \$0.61 per share as compared with \$9,120,000 or \$1.52 per share in 1973. Although a substantial portion of this reduction in net income is attributable to the imposition of Irish income taxes, effective from April 1974, the squeeze on profit margins was largely due to a combination of lower metal prices and higher costs.

This trend continued to be reflected in Northgate's financial results for the first quarter of 1975. Northgate's income from mining operations for the three month period ended March 31, 1975 was \$211,000, down substantially from the figure of \$3,576,000 for the corresponding period in 1974.

Avoca Mines Limited, in which your Company holds a 5% interest through Avoca Mines Canada Limited, has not yet published its 1974 financial results. However, from earlier reports, the operation has been severely affected by the drop in copper prices and is reportedly negotiating with outside interests to finance continuing production on an expanded scale in an effort to reduce unit costs and achieve satisfactory profit margins.

### General

During what unquestionably was a year of extreme uncertainty and frustration, the Board of Directors most gratefully acknowledge the contribution of all company employees, consultants, contractors and others, whose combined talents and dedication were particularly appreciated. It is with a great sense of anticipation that the Board looks forward to the recommencement of the major project at Navan at the earliest possible date.

On behalf of the Board of Directors,

"MICHAEL McCARTHY"  
President

May 30, 1975.



# TARA/ EXPLORATION AND DEVELOPMENT COMPANY LIMITED

(Incorporated under the laws of Ontario)  
and its wholly owned subsidiary companies

## CONSOLIDATED BALANCE SHEET

**December 31, 1974**

(with comparative figures at December 31, 1973)

*Expressed in Canadian dollars*

<b>Assets</b>	<b>1974</b>	<b>1973</b>
<b>Current Assets</b>		
Cash, including term deposits .....	\$ 1,850,618	\$ 3,566,265
Accounts receivable .....	629,846	113,439
	<u>2,480,464</u>	<u>3,679,704</u>
<b>Investments, at cost</b>		
Northgate Exploration Limited (note 2) .....	4,339,826	4,339,826
Other companies (note 3) .....	373,471	373,471
	<u>4,713,297</u>	<u>4,713,297</u>
<b>Fixed Assets, at cost</b>		
Surface rights, buildings, equipment and construction in progress .....	20,600,563	9,109,989
<b>Other Assets and Deferred Charges</b>		
Exploration, development and administrative expenditures deferred .....	17,855,811	9,642,159
	<u>\$45,650,135</u>	<u>\$27,145,149</u>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities .....	\$ 3,824,011	\$ 1,806,806
<b>Long Term Debt (note 5)</b>		
Bank loan .....	<u>16,126,641</u>	
<b>Shareholders' Equity</b>		
<b>Capital Stock (note 6)</b>		
Authorized — 7,000,000 shares of \$1 each		
Issued — 6,457,360 shares (1973 — 6,432,360 shares) .....	6,457,360	6,432,360
<b>Contributed Surplus</b> .....	<u>18,977,213</u>	<u>18,641,073</u>
	25,434,573	25,073,433
<b>Retained Earnings</b> .....	<u>264,910</u>	<u>264,910</u>
	<u>25,699,483</u>	<u>25,338,343</u>
	<u>\$45,650,135</u>	<u>\$27,145,149</u>
Capital commitments (note 7)		

Approved by the Board

M. McCARTHY, Director

J. V. McPARLAND, Director



## Auditors' Report

To the Shareholders of  
Tara Exploration and Development Company Limited

We have examined the consolidated balance sheet of Tara Exploration and Development Company Limited and its wholly owned subsidiary companies as at December 31, 1974 and the consolidated statements of exploration, development and administrative expenditures deferred, contributed surplus and changes in financial position for the year then ended. Our examination of the financial statements of Tara Exploration and Development Company Limited (the parent company) included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. With respect to the subsidiary companies, of which we are not the auditors, we have carried out such enquiries and examinations as we considered necessary in order to accept for purposes of consolidation the reports of their auditors.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1974 and the results of their operations and the changes in their financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada  
February 14, 1975

THORNE RIDDELL & CO.  
Chartered Accountants



# TARA/ EXPLORATION AND DEVELOPMENT COMPANY LIMITED

and its wholly owned subsidiary companies

## CONSOLIDATED STATEMENT OF EXPLORATION, DEVELOPMENT AND ADMINISTRATIVE EXPENDITURES DEFERRED

**Year Ended December 31, 1974**

(with comparative figures for 1973)

*Expressed in Canadian dollars*

	1974	1973
Mine exploration, development and administration .....	\$ 5,762,538	\$ 3,758,174
General exploration .....	241,764	283,880
Administrative and general expenses .....	1,105,989	727,283
Interest.....	1,034,457	94,322
Adjustment on currency conversion .....	528,467	35,997
	8,673,215	4,899,656
Deduct dividends, interest and other income less taxes .....	459,563	253,999
Expenditures (net) for the year .....	8,213,652	4,645,657
Balance deferred at beginning of year .....	9,642,159	4,996,502
Balance deferred at end of year .....	<u>\$17,855,811</u>	<u>\$ 9,642,159</u>

## CONSOLIDATED STATEMENT OF CONTRIBUTED SURPLUS

**Year Ended December 31, 1974**

(with comparative figures for 1973)

*Expressed in Canadian dollars*

	1974	1973
<b>Balance at beginning of year</b> .....	\$18,641,073	\$ 9,852,808
Premium (net of discount) on shares issued (note 6) .....	336,140	8,788,265
<b>Balance at end of year</b> .....	<u>\$18,977,213</u>	<u>\$18,641,073</u>



## CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

**Year Ended December 31, 1974**

(with comparative figures for 1973)

*Expressed in Canadian dollars*

	1974	1973
<b>Source of working capital</b>		
Issue of shares .....	\$ 361,140	\$ 9,379,752
Bank loan .....	16,126,641	
	<u>16,487,781</u>	<u>9,379,752</u>
<b>Application of working capital</b>		
Exploration, development and administrative expenditures (net) .....	8,213,652	4,645,657
Surface rights, buildings, equipment and construction in progress .....	11,490,574	3,011,396
	<u>19,704,226</u>	<u>7,657,053</u>
Increase (decrease) in working capital position .....	(3,216,445)	1,722,699
Working capital at beginning of year .....	1,872,898	150,199
Working capital (deficiency) at end of year .....	<u>\$ (1,343,547)</u>	<u>\$ 1,872,898</u>



# TARA / *EXPLORATION AND DEVELOPMENT COMPANY LIMITED*

and its wholly owned subsidiary companies

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 1974

*Expressed in Canadian dollars*

### 1. Summary of Significant Accounting Policies

(a) Principles of consolidation

The consolidated financial statements include the accounts of all wholly-owned subsidiary companies, the more significant of which are Tara Mines Limited and Tara Prospecting Limited.

(b) Currency conversion

Current assets and liabilities held in Ireland are converted to Canadian dollars at December 31, 1974 and December 31, 1973 at the approximate rates of exchange prevailing at those dates. Other assets and deferred charges, including exploration, development and administrative expenditures, are converted at the approximate rates prevailing when the expenditures were incurred.

(c) Exploration, development and administrative expenditures deferred

The company and consolidated subsidiaries are deferring expenditures to future operations with the intention of amortizing such costs against future revenues from operations.

(d) Depreciation

No provision for depreciation of fixed assets has been made from the dates of acquisition to December 31, 1974.

### 2. Investment in Northgate Exploration Limited

The quoted market value of the 501,714 shares in Northgate Exploration Limited was \$1,455,000 at December 31, 1974 (December 31, 1973 — \$2,333,000). However, because of the number of shares held, the quoted market value is not necessarily indicative of their realizable value.

### 3. Investments in Other Companies

2,040,000 Shares in Smelter Corporation of Ireland Limited (30% interest) .....	\$131,566
250,000 Shares in Avoca Mines Canada Limited .....	153,037
	284,603
Advances to Smelter Corporation of Ireland Limited .....	88,868
	<u>\$373,471</u>

The quoted market value of the 250,000 shares in Avoca Mines Canada Limited, which operates a copper mine in Ireland, amounted to \$25,000 at December 31, 1974 and \$145,000 at December 31, 1973. Smelter Corporation of Ireland Limited is 70% owned by Northgate Exploration Limited and 30% owned by Tara Exploration. Smelter Corporation is a private company with no quoted market value for its shares.



#### **4. Navan State Mining Lease**

On February 14, 1975, agreement was reached between the company and the Irish Government's Minister for Industry and Commerce on the terms of a state mining lease in respect of Tara's zinc/lead mining property near Navan, County Meath, Ireland. The agreement provides for the issuance of a lease to the company's wholly owned subsidiary, Tara Mines Limited, on the following principal terms:

- (a) a free 25% equity participation by the Minister in Tara Mines Limited and the appointment of the Minister's nominees to the Board of Directors of Tara Mines.
- (b) a royalty equal to 4.5% of profits (in addition, the company will be subject to normal corporate income taxes of approximately 50%).
- (c) a maximum annual production rate in the range of 2.4 to 2.5 million short tons of ore during the debt repayment period.
- (d) the transfer, free of charge to the Minister, of Tara's title to private minerals which it controls within certain townlands of the lease area.
- (e) the term of the lease will be 25 years and the lease will include renewal provisions.
- (f) arrangements which will enable concentrates to be supplied at normal commercial terms to an Irish zinc refinery when such a facility is established.

The Minister and Tara have agreed to finalize details of the State Mining Lease as soon as possible in order to facilitate completion of senior financing and the recommencement of work on the Navan project.

#### **5. Long Term Debt**

The bank loans have been classified as a non-current liability on the assumption that the State Mining Lease will be issued (note 4) and senior financing will be completed.

During 1974, various bank lines of credit totalling U.S.\$16,700,000 were arranged for Tara Mines Limited. Noranda Mines Limited assisted in arranging the initial line of U.S.\$6,000,000 and in consideration for this assistance, Noranda received warrants to purchase shares of the company (note 6(b)) and undertook, together with Northgate Exploration Limited and the company, to make a joint study to determine the commercial feasibility of establishing an electrolytic zinc reduction plant in Ireland. Amounts borrowed under the second additional line of U.S.\$7,500,000 have been severally guaranteed by Noranda as to two-thirds and Northgate as to one-third, and under the third additional line of U.S.\$2,000,000 by Noranda. The consideration being paid for the maintenance of these third party guarantees is a fee of 0.5% per month of the principal amount guaranteed by each guarantor.

The maturity date of each of these lines of credit was December 31, 1974 but this has now been extended to June 30, 1975.

Interest on amounts borrowed pursuant to these arrangements is payable at a rate equal to 1% over the current London Interbank rate for Euro-dollar loans with the exception of the first additional line of credit in the amount of U.S.\$1,200,000 which did not carry a third party guarantee and in respect of which the rate is 1.5% over the London Interbank rate for Euro-dollar loans.

Since December 31, 1974, two further lines of credit have been arranged, the fourth additional line in the amount of U.S.\$1,900,000 and the fifth additional line in the amount of U.S.\$5,000,000. Amounts borrowed under the fourth additional line have also been guaranteed by Noranda Mines Limited but amounts borrowed under the fifth carry no third party guarantee.



# TARA/ *EXPLORATION AND DEVELOPMENT COMPANY LIMITED*

and its wholly owned subsidiary companies

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — Continued

### 6. Capital Stock

#### (a) Issued

Shares of the company's capital stock have been issued as follows:

	Proceeds Credited To		
	Capital stock	Contributed surplus	Total
In 1974			
25,000 shares for cash on exercise of employees' stock options	\$ 25,000	\$ 336,140	\$ 361,140
In 1973			
584,487 shares for cash on exercise of rights issue at \$16 per share	\$584,487	\$8,767,305	\$9,351,792
7,000 shares for cash on exercise of employees' stock options	7,000	20,960	27,960
<u>591,487</u>	<u>\$591,487</u>	<u>\$8,788,265</u>	<u>\$9,379,752</u>

#### (b) Warrants

During 1974, the company, with the assistance of Noranda Mines Limited, arranged a U.S.\$6,000,000 bank line of credit. In consideration for Noranda's assistance in arranging this line of credit, the company issued to Noranda five-year warrants to subscribe for 100,000 shares of the company's capital stock at \$16.00 per share.

#### (c) Employees' Stock Options

Pursuant to the Employees' Stock Option Plan, options may be granted on up to 250,000 shares of the company's capital stock at prices not less than 90% of the market value of the shares on the dates the options are granted.

At December 31, 1974 options were outstanding as follows:

No. of shares	Price per share	Exercisable
9,000	\$16.43	May 1, 1972 to April 30, 1976
2,000	16.43	May 1, 1972 to April 30, 1977
20,000	22.95	May 1, 1974 to April 30, 1979

During 1974, 25,000 shares were issued for \$361,140 cash on exercise of employees' stock options.

### 7. Capital Commitments

The company's wholly owned subsidiary, Tara Mines Limited, is committed to capital expenditures in the amount of \$13,367,000.

### 8. Remuneration of Directors and Senior Officers

Direct remuneration of the company's directors and senior officers (as defined by The Business Corporations Act, Ontario) amounts to \$168,433 for the year ended December 31, 1974 (1973 — \$98,555).



# **TARA** / **EXPLORATION AND DEVELOPMENT COMPANY LIMITED**

and its wholly owned subsidiary companies

## **TARA MINES LIMITED**

### **DIRECTORS**

SYLVESTER P. BOLAND

SYDNEY FILER

MATTHEW GILROY

PATRICK J. HUGHES

BRENDAN J. HYNES

MICHAEL McCARTHY

JOSEPH V. McPARLAND

HUGH MURPHY

PATRICK J. MURPHY

MURROGH V. OBRIEN

JOHN J. TULLY

### **ALTERNATE DIRECTORS**

PETER McALEER

MICHAEL STUART

### **OFFICERS**

MICHAEL McCARTHY,  
*Chairman*

BRENDAN J. HYNES,  
*Deputy Chairman and Chief Executive Officer*

JOHN J. TULLY,  
*Secretary*

## **TARA PROSPECTING LIMITED**

MICHAEL McCARTHY,  
*Director*

MURROGH V. OBRIEN,  
*Director*

JOHN J. TULLY,  
*Secretary*

### **EXECUTIVE OFFICE**

162 Clontarf Road,  
Dublin, Ireland  
Telephone 332211  
Telex 500-5881

### **MINE ADMINISTRATIVE OFFICE**

Kells Road, Navan,  
County Meath, Ireland  
Telephone 21927  
Telex 500-4568

### **INFORMATION CENTRE**

Railway Street, Navan  
County Meath, Ireland

### **EXECUTIVE OFFICE**

162 Clontarf Road  
Dublin, Ireland





*This picture shows the extensive nursery stock of trees and shrubs (now in excess of 120,000) which have been planted for ultimate use in landscaping of the entire mining-concentrator complex, part of the \$5 million environmental programme at the Navan Mine.*







